Request for Committee Action

To: Community Development & Regulatory Services
Date: 6/21/2016
Referral: N/A
From: Community Planning & Economic Development
Lead Staff: Earl S. Pettiford, Senior Project Coordinator
Presented by: Earl S. Pettiford, Senior Project Coordinator
File type: Resolution
Subcategory: Land Sale

Subject:
Land Sale: 1927 Queen Avenue North to Sm+RT Homes, LLP

Description:
Passage of a Resolution approving the sale of the property at 1927 Queen Avenue North, VH-541 to Sm+RT Homes, LLP for $5,000, subject to conditions.

Previous Actions:
On December 11, 2015, the City Council approved the Vacant Housing Recycling Program (VHRP) that defines the program guidelines for disposition of vacant buildings and lots for housing development.

Ward/Neighborhood/Address:
Ward 5
Willard-Hay

Background/Analysis:

PARCEL	ADDRESS	SALE PRICE
VH-541	1927 Queen Avenue North	$5,000

PURCHASER
Sm+RT Homes, LLP
5400 Main Street NE #203
Fridley, MN 55421

PROPOSED DEVELOPMENT:
Sm+RT Homes, LLP proposes to build one of two designs*:

OPTION #1: A 1,700 finished square foot bungalow, four-bedroom, two and one-half bath, single family home with a two-car detached garage.

OPTION #2: A 1,500 finished square foot two-story, three-bedroom, two and one-half bath, single family home with a two-car detached garage.

*This is one of nine proposals from the developer who has committed to working with City staff and the neighborhood group on the most suitable option for each of the nine lots they propose to develop.

The lot size is 40’ x 128’ = approximately 5,120 total square feet.

LAND DISPOSITION POLICY:
The sale of this property is in compliance with the City's Disposition Policy. The sales price of this property reflects the full re-use value.

FINANCING*:
The financing has been secured from the Twin Cities Community Land Bank.
*Subject to application and underwriting requirements.

COMMENTS:
On April 11, 2014, the City acquired this property, a vacant lot, from Eclipse Investment, LLC for $1.00. The vacant parcel was subsequently publicly advertised on the City's website and through e-mail notification to a list of over 750 developers and homebuyers. An informational meeting was held in December 2015 to inform potential developers and homebuyers about the City's disposition process and the VHRP information is posted on the City's website.

This is the only offer received for this property. The offer was evaluated based on program criteria stated in the VHRP manual, including: financial capacity, experience, responsibility, scope of work, subsidy request (if any), and occupancy intentions.

Staff recommends Sm+RT Homes, LLP as the Purchaser. Though this is the first project by Sm+RT Homes, LLP, the general partner is THOR Sustainability and Resiliency Services LLC—a subsidiary of THOR Construction, Inc. THOR Construction, Inc. has done multiple projects in the metro area and has development experience with the City of Minneapolis, most notably Heritage Park. Additionally, its general contractor is Findell Cement, Inc. owned by Gary Findell, managing partner of Sm+RT Homes, LLP. Findell Cement, Inc. has developed over 100 homes in the metro area.

This is one of nine proposals from Sm+RT Homes, LLP. The proposal calls for a manufactured home design that will be assembled on site. Due to the nature and speed of the construction (approximately 45 to 60 days from groundbreaking to project completion), the developer seeks flexibility in the location of each design. The developer plans to work with City staff and the neighborhood group in selecting the most appropriate lot for each design. The completed project will be marketed by Recreate Realty and the properties are intended to be sold for owner-occupancy.

Notification was provided to the Northside Residents Redevelopment Council and they have tendered a letter of support for the development.

Financial Review:
No additional appropriation required, amount included in current budget.

- Elimination of future property management costs estimated at $3,600 per year.
- Proposed Net Sale Proceeds ~~or~~ (see attached): $3,459
- Proposed Re-Use Value Write-Down (see attached): $0

☐ **Future budget impact anticipated.**

☐ **Approved by the Permanent Review Committee.**

☐ **Meets Small and Underutilized Business Program goals.**

Attachments:

1. 1927 Queen Avenue North Land Sale_Resolution
2. 1927 Queen Avenue north Land Sale_Ward Map
3. 1927 Queen Avenue north Land Sale_Cost Sheet
4. 1927 Queen Avenue North Land Sale_Schematics